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19 November 1951

MEMORANDUM FOR: Deputy Director (Administration)

FROM : Comptroller

SUBJECT : Protection of Government Funds Advanced to Individuals

1. In a memo dated 4 October 1951 you requested that this office provide you with a statement of the measures taken to protect government funds advanced to individuals for travel and related expenses.

3. Funds advanced to vouchered employees for travel and related expenses are made in accordance with the authority contained in the Travel Expense Act of 1949 and in compliance with the provisions of Paragraph 96 of the Standardized Travel Regulations. These regulations provide that when an employee receives an advance he sign a form acknowledging receipt of the funds and agreeing that a set off of salary due or deductions from his Retirement may be made for any unpaid or unaccounted balance of the advance. Surety bonds may be required of the employee to insure the proper accounting for or refund of the advance in cases where the employees accrued salary and/or retirement is insufficient to provide such insurance. Every effort is made to impress upon the employee that he is responsible for accountability and/or full restitution of the funds advanced. If an employee is cognizant of the fact that he is personally responsible for the funds advanced him he will normally take the same care and precaution to safeguard and protect the funds as if they were his own. However, employees proceeding on extensive trips in the U. S. and abroad are briefed upon the protective advantages of using travelers checks instead of carrying large amounts of cash. The practice which we follow in respect to advances from vouchered funds is standard throughout the government service and no particular problems or difficulties have arisen.

3. When advances are made from unvouchered funds we also

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attempt to impress the employee with his personal responsibility for accountability and/or full restitution of the funds advanced. We also make salary set-offs and deductions from retirement funds to effect collection in cases where the employee fails to account for or refund the amount advanced to him. However, certain circumstances occasioned by security and operational conditions have created problems and considerations concerning advances from unvouchered funds which do not exist in respect to advances from vouchered funds. The attached memo from the Finance Division dated 12 November 1951 outlines the present and proposed future action on the part of the Finance Division for the protection of unvouchered funds advanced to individuals for travel and related expenses. We would appreciate receiving your comments concerning the soundness of the practices outlined in the attached memo and your suggestions as to any additional measures which we might take which would better protect government funds.

4. It will be noted that the Acting Chief, Finance Division has recommended reconsideration of the current policy relative to the purchase of travelers' checks with Agency funds without regard to the actual end use of the checks. This matter will be referred to General Counsel for review and recommendation.

E. R. SAUNDERS

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Proposed Amendment to Paragraph 11.0.a(2)
Of The Confidential Funds Regulations

The Comptroller and the Chief, Finance Division may incur expenses and/or approve reimbursement for the cost of travelers checks, or other protective instruments, purchased for protection of funds advanced to individuals for official purposes.

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